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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Kristen McRedmond

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EXAMINER

NGUYEN, NGA B

ART UNIT

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 09/783,499	Applicant(s) MCREDMOND, KRISTEN	
	Examiner Nga B. Nguyen	Art Unit 3684	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 August 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-13, 15-23, 25-29 and 31-33 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-13, 15-23, 25-29 and 31-33 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on August 11, 2009 has been entered.
2. Claims 1-13, 15-23, 25-29, and 31-33 are pending in this application.

Response to Arguments/Amendment

3. Applicant's arguments with respect to claims 1-13, 15-23, 25-29, and 31-33 have been fully considered but are moot in view of new grounds of rejection.

Claim Rejections - 35 USC § 101

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.
5. Claims 1-13, 15, 26-29, and 31-33 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1-13, 15, 26-29, and 31-33 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform

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underlying subject matter (such as an article or materials) to a different state or thing. In *re Bilski et al*, 88 USPQ 2d 1385 CAFC (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine. The steps of: receiving registration..., collecting investor-specific investment..., providing notice...(claims 1 and 26), registering accredited investors...(claim 33) are not tied to a machine and can be performed without the use of a particular machine. Thus, claims 1-13, 15, 26-29, and 31-33 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

Note the Board of Patent Appeals Informative Opinion *Ex parte Langemyer et al*.

Claim Rejections - 35 USC § 102

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

7. Claims 1-3, 5-7, 10-13, 15-18, 20-23, 25, 26, 29, and 31-33 are rejected under 35 U.S.C. 102(e) as being anticipated by Levine et al (hereinafter Levine), U.S. Patent No. 6,233,566.

Regarding to claim 1, Levine discloses a method for creating a secondary market for private equity, comprising:

receiving registration information for accredited investors (*column 21, lines 40-45, subscribers each have a profile archive in the system; lines 58-60, registered buyers*);

collecting investor-specific investment profile information from said accredited investors, wherein the information specifies types of securities preferences in which the said accredited investors are interested (*column 21, lines 50-57, the subscriber can set up his rules for his profile using the loan criteria to indicate the conditions under which the subscriber wishes to be notified by the system of a published loan or loan pool*);

registering in a computer database, securities based on private equity, said securities being qualified by meeting predetermined criteria (*column 21, lines 24-40, a seller may access the system to publish a loan or loan pool for sale; the seller can*

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search available loans using certain predetermined criteria to generate a pool of loans satisfying the search criteria; examiner notes that a loan or a pool of loans is a private equity);

using a computer to make a determination that at least one security matching the investor specific investment profile of at least one of the accredited investors is available for auction (*column 21, lines 58-63, after the loans are published, the exchange system will test the loan information against the pre-set rules for its registered buyers, if the loan falls within a particular buyer's pre-set rules, the exchange system may notify the buyers the publication of the loans*);

providing notice to the at least one of the accredited investors that a security matching the investor-specific investment profile of the at least one of the accredited investors is being auctioned (*column 22, lines 5-10, when the subscriber logs onto system, he receives a "buy alert" that displays new loans or loan pools that have entered the system and that meet the subscriber's pre-set rules*); and

auctioning said securities to said accredited investors over an electronic network (*column 22, 60-column 23, line 60, the buyer makes an offer for a loan or loan pool, the seller then decides whether to accept, decline the offer or to make a counteroffer*).

Regarding to claim 2, Levine further discloses wherein said auctioning is conducted over the Internet (*column 17, lines 17-30, the subscribers are provided Web pages to access to the exchange system*).

Regarding to claim 3, Levine further discloses wherein said private equity is selected from the group consisting of limited partnership interests and private equity in

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individual companies (*column 15, lines 18-20; loan or loan pool is private equity or the mortgage bankers*).

Regarding to claim 5, Levine further discloses auctioning is initiated by a seller offering said securities for sale (*column 21, lines 24-27, a seller may access the exchange system to publish a loan or loan pool for sale*).

Regarding to claim 6, Levine further discloses wherein said auctioning is initiated by said accredited investor putting out a bid to purchase said security (*column 22, lines 60-65, the buyer can access the exchange system to make an offer for a loan or loan pool*).

Regarding to claim 7, Levine further discloses wherein said bid is for a private asset of a type that matches said security (*column 22, lines 5-10, when the subscriber logs onto system, he receives a "buy alert" that displays new loans or loan pools that have entered the system and that meet the subscriber's pre-set rules*).

Regarding to claim 10, Levine further discloses creating puts and calls based on said securities (*column 23, lines 5-60; buyer submits offer or counteroffer to seller, seller submits offer or counteroffer to buyer*).

Regarding to claims 11-12, Levine further discloses notifying accredited investors by e-mail of a seller offering said securities for sale; notifying sellers by e-mail of an accredited investors bid for a private asset of a type that matches said security (*column 21, lines 63-67 and column 23, lines 1-3, notifying buyers and seller buy e-mail*).

Regarding to claim 13, Levine further discloses wherein said securities that are qualified are venture-backed securities (*column 16, lines 1-8; mortgage-backed securities*).

Regarding to claim 15, Levine further discloses registering sellers of securities; collecting securities-related information from said sellers; and notifying said sellers when bids from accredited investors are received to purchase securities matching sellers' type of securities (*column 21, lines 24-40, a seller may access the system to publish a loan or loan pool for sale; the seller can search available loans using certain predetermined criteria to generate a pool of loans satisfying the search criteria; column 22, line 65-column 23, line 7, the seller who published the loans is notified by the exchange system that an offer has been made*).

Regarding to claim 16, Levine discloses a system for creating a secondary market for private equity, comprising: a system operator server facility connected to an electronic network, said server facility: database storage means; instructions for performing the method as described in claim 1 above (*figure and column 16, lines 28-60, the exchange system 200*).

Claims 17, 18, 20-23, and 25 contain similar limitations found in claims 2, 3, 5, 11-13 and 15, respectively above, therefore, are rejected by the same rationale.

Claims 26 and 29 contain similar limitations found in claims 1 and 10, respectively above, therefore, are rejected by the same rationale.

Regarding to claims 31-32, Levine discloses providing an inventory of said securities by having a system operator take a position in certain restricted public

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securities and in private equities (*column 14, lines 25-30; loan pools are stored in databases 221 and 222*).

Regarding to claim 33, Levine discloses a method for creating a secondary market for private equity, comprising:

registering accredited investors with a system operator (*column 21, lines 40-45, subscribers each have a profile archive in the exchange system; lines 58-60, registered buyers*); and

said system operator using a computer to auction securities based on private equity to said accredited investors over an electronic network, wherein said securities are securities that said system operator had previously placed in private placement (*column 21, lines 24-40, a seller may access the system to publish a loan or loan pool for sale; the seller can search available loans using certain predetermined criteria to generate a pool of loans satisfying the search criteria; examiner notes that a loan or a pool of loans is a private equity; column 22, 60-column 23, line 60, the buyer makes an offer for a loan or loan pool, the seller then decides whether to accept, decline the offer or to make a counteroffer*).

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Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious

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at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 8, 9, and 28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Levine et al (hereinafter Levine), U.S. Patent No. 6,233,566, in view of Shkedy, U.S. Patent No. 6,236,972.

Regarding to claims 8, 9, and 28, Levine does not disclose, however, Shkedy discloses charging said seller and said accredited investor a transaction fee (*column 6, lines 15-23*). Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Levine's to include the feature taught by Shkedy above for the purpose of obtaining benefit for the exchange system when providing trading services for buyers and sellers.

10. Claims 4, 19, and 27 are rejected under 35 U.S.C. 103(a) as being unpatentable over Levine et al (hereinafter Levine), U.S. Patent No. 6,233,566, in view of Hambrecht et al (hereinafter Hambrecht), U.S. Patent No. 6,629,082.

Regarding to claims 4, 19, 27, Levine does not disclose, however, Hambrecht discloses creating and storing audio-visual information and a business plan for said private equity; and allowing accredited investors access, over the Internet, to said audio-visual information and business plan for said private equity upon which said auctioned securities are based (*column 9, lines 35-41 and column 10, line 60*).

Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Levine's to include the feature taught by Hambrecht

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above for the purpose of providing securities information in video and audio format in order to attract the customers to invest in the securities.

Conclusion

11. Claims 1-13, 15-23, 25-29, and 31-33 are rejected.
12. The prior arts made of record and not relied upon are considered pertinent to applicant's disclosure:

Herschkorn (US 6,691,094) discloses bank loan trading system and method.

McClelland et al (US 5,689,650) disclose community reinvestment act network.

Bisdikian et al (US 5,974,406) disclose automated matching, scheduling, and notification system.

13. Any inquiry concerning this communication or earlier communications from the examiner should be directed to examiner Nga B. Nguyen whose telephone number is (571) 272-6796. The examiner can normally be reached on Monday-Thursday from 9:00AM-6:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (571) 272-3600.

14. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

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P.O. Box 1450

Alexandria, VA 22313-1450

Or faxed to:

(571) 273-8300 (for formal communication intended for entry),

or

(571) 273-6796 (for informal or draft communication, please label
"PROPOSED" or "DRAFT").

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Nga B. Nguyen/

Primary Examiner, Art Unit 3692

November 1, 2009